

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2009-154-E - ORDER NO. 2009-302

MAY 19, 2009

IN RE:	Application of South Carolina Electric & Gas)	ORDER WAIVING BID
	Company for Approval to Transfer Real)	REQUIREMENT AND
	Property to the City of Charleston and)	APPROVING TRANSFER
	Request for Waiver of Bid Requirement)	OF PROPERTY

Pursuant to S.C. Code Ann. § 58-27-1300 (Supp. 2008), this matter comes before the Public Service Commission of South Carolina ("Commission") on a request by South Carolina Electric & Gas Company ("SCE&G" or the "Company") to transfer 2.439 acres of real property ("Tract") with a market value of \$4,250,000 to the City of Charleston ("City" or "Charleston"). According to SCE&G, the Tract, bounded by Conroy, Meeting, Cool Blow, and Nassau Streets, is classified as utility property which once served as an electric operations center for Charleston and the surrounding area. Now, however, the Tract is a vacant lot, and the Company indicates that it is intended to be used as a preparatory school for underserved children. SCE&G states the property will be sold for at least market value as reflected in the most recent appraisal, and the gain realized from the transaction will be recorded according to the Federal Energy Regulatory Commission System of Accounts in Account 421.1, titled "Gain on Disposition of Property."

S.C. Code Ann. § 58-27-1300 (Supp. 2008) requires South Carolina electric utilities to obtain approval from the Commission when the utility seeks to “sell, assign, transfer, lease, consolidate, or merge its utility property” in excess of \$1,000,000. Additionally, Commission Order No. 92-931 (November 13, 1992) requires SCE&G to engage in a competitive bidding process for sales of property with an appraised value in excess of \$50,000. The purpose of Order No. 92-931 is to protect against affiliate preferences and insure that SCE&G disposes of real property in a manner that promotes fair and equitable treatment of the parties to the transaction, potential bidders, and its customers. The Company seeks a waiver from the bidding requirement of this Order, stating that it has no current use or plans for the Tract, has identified a purchaser who is willing to pay fair market value, and the purchaser is unaffiliated with SCANA or any of its subsidiaries.

Contingent on Commission approval, SCE&G states it has negotiated a ground lease and purchase and sale agreement with the City that requires the City to lease the Tract for five years or until the City purchases the property, whichever event occurs first. SCE&G maintains that Charleston has agreed to an amount of \$10 for the term of the ground lease. After consummation of the lease, the City will sublease the Tract to the nonprofit corporation Meeting Street Academy, which will then construct a school for underserved children up to eighth grade. The initial term of this sublease is fifty years.

Since the City of Charleston is unaffiliated with SCANA or any of its subsidiaries, we find that no affiliate preferences exist. Furthermore, the City of Charleston will pay \$4.75 million at time of purchase, which is a \$500,000 premium over

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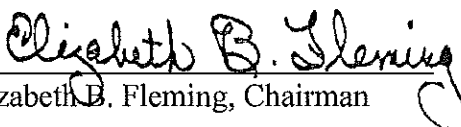
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the current market value of \$4.25 million. Lastly, the fact that the property will be used as a school for underserved children provides further public interest incentive for this purchase to go forward. As a result, it is both fair and reasonable to waive the competitive bidding requirement of Order No. 92-931.

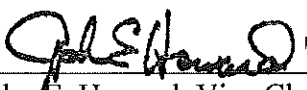
It is therefore ordered that the competitive bidding requirement of Order No. 92-931 is waived, and SCE&G's request to sell the Tract to the City of Charleston for the stated value is approved.

This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:


Elizabeth B. Fleming, Chairman

ATTEST:


John E. Howard, Vice Chairman

(SEAL)